

Message Text

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64

ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 CCO-00 /031 R

DRAFTED BY ARA:JBKUBISCH:CJS

APPROVED BY THE ACTING SECRETARY

EB:TENDERS (INFO)

L:MFELDMAN (INFO)

S:LEAGLEBURGER (INFO)

S/S:WHLUERS

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O 160119Z MAY 74 ZFF4

FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

INFO AMEMBASSY KINGSTON IMMEDIATE

C O N F I D E N T I A L STATE 101835

EXDIS TOSEC 674

E.O. 11652: GDS

TAGS: EMIN, PINT, US, JA

SUBJECT: BAUXITE NEGOTIATIONS

1. AT 5:00 THIS AFTERNOON (MAY 15) THE JAMAICAN CHARGE CALLED, AT HIS REQUEST, ON ASSISTANT SECRETARY KUBISCH AND PRESENTED HIM WITH A LETTER, THE SUBSTANTIVE PARAGRAPHS OF WHICH ARE AS FOLLOWS:

2. BEGIN TEXT. IN KEEPING WITH THE UNDERTAKING GIVEN BY THE GOVERNMENT OF JAMAICA TO KEEP THE UNITED STATE GOVERNMENT FULLY INFORMED ABOUT THE PROGRESS OF NEGOTIATIONS WITH THE ALUMINUM COMPANIES, THE GOVERNMENT OF JAMAICA HAS THROUGH THE PRIME MINISTER HELD TWO LENGTHY DISCUSSIONS WITH TWO HEADS OF UNITED STATES ALUMINUM COMPANIES AND A REPRESENTATIVE OF THE HEAD OF ALCAN ON TUESDAY, MAY 14. IN BETWEEN THE TWO MEETINGS WITH THE PRIME MINISTER A MEETING WITH THE NEGOTIATING TEAM AND EXPERTS ON BOTH SIDES TO DISCUSS FURTHER THE DETAILED FIGURES WAS HELD.

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3. IT IS NOW QUITE CLEAR THAT AN AGREEMENT CANNOT BE

REACHED AT THIS STAGE BETWEEN THE GOVERNMENT OF JAMAICA AND THE COMPANIES ON REVENUE MATTERS, AND THE GOVERNMENT OF JAMAICA HAS NO ALTERNATIVE BUT TO EXERCISE ITS SOVEREIGN RIGHTS TO INTRODUCE LEGISLATION IN RELATION TO TAXATION MATTERS. THE GOVERNMENT OF JAMAICA WISHES TO ASSURE THE

UNITED STATES GOVERNMENT THAT EVERY EFFORT WAS MADE TO REACH AN AGREEMENT BUT THIS HAS PROVEN IMPOSSIBLE. THE WERE CONDUCTED ON STRICTLY COMMERCIAL LINES. THE GOVERNMENT OF JAMAICA ALSO REPEATS THE FIRM OFFER MADE TO MAINTAIN AMERICA'S STRATEGIC SUPPLIES OF BAUXITE/ALUMINA.

4. THE COMPANIES HAVE BEEN ASSURED THAT THE GOVERNMENT OF JAMAICA IS WILLING TO CONTINUE THE DISCUSSIONS ON FISCAL AND OTHER MATTERS IN RELATION TO THEIR OPERATIONS IN JAMAICA. END TEXT.

5. KUBISCH THANKED THE CHARGE FOR THE LETTER AND FOR THE JAMAICAN GOVERNMENTS CONTINUING EFFORTS TO KEEP THE USG APPRISED OF DEVELOPMENTS. KUBISCH, IN ADDITION, EXPRESSED HIS DEEPEST DISAPPOINTMENT THAT THE NEGOTIATIONS HAVE FAILED TO RESULT IN AN AGREEMENT WITH THE COMPANIES. HE EXPRESSED THE HOPE THAT IN IMPLEMENTING ITS DECISION CONCERNING THE INTRODUCTION OF LEGISLATION, AND IN CONTINUING THE DISCUSSIONS WITH THE COMPANIES AS INDICATED IN THE LAST PARAGRAPH OF THE LETTER, THAT THE JAMAICAN GOVERNMENT WOULD DO EVERYTHING IT COULD TO MINIMIZE THE UNFAVORABLE CONSEQUENCES THAT WERE SURE TO FLOW FROM ITS ACTION. RUSH

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